

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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:
UNITED STATES COMMODITY FUTURES :
TRADING COMMISSION, :

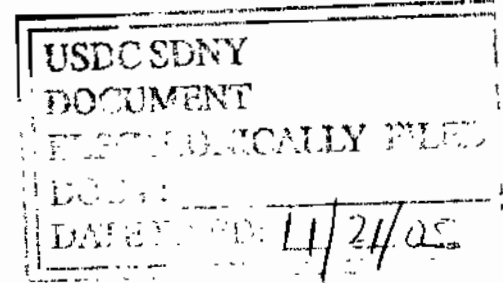
Plaintiff, :

-against- :

RICHMOND GLOBAL ASSOCIATES, LLC, :
RICHMOND GLOBAL MCA, LLC, :
RICHMOND GLOBAL MANAGED :
ACCOUNT, LLC, RICHMOND GLOBAL, :
LTD., RG GROUP HOLDINGS, LLC, :
VINCENZO DANIO, JOSEPH :
PAPPALARDO, RONALD TURNER, and :
MIRON VINOKUR, :

Defendants. :
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SHIRA A. SCHEINDLIN, U.S.D.J.:



ORDER

05 Civ. 2181 (SAS)

On February 16, 2005, this Court granted the United States Commodity Futures Trading Commission ("CFTC") an *ex parte* statutory restraining order appointing John Moscow, Esq., to act as Receiver. The order directed and authorized the Receiver to "[t]ake exclusive custody, control, and possession of all the funds, property, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, receivables, contracts, insurance policies, and all cash, in the possession of, or under the control of the

Defendants, wherever situated.”¹ The Order further directs the Defendants as well as “any other person or entity served with a copy of this Order” to “deliver over to the Receiver . . . [p]ossession and custody of all funds . . . and all cash, owned beneficially or otherwise, wherever situated, of the Defendants.”²

On September 6, 2005, the Court received a letter from the Receiver, seeking guidance regarding an issue that has arisen in the investigation of Richmond Global’s remaining assets.³ Joseph Merlino, an investigator retained by the Receiver, has identified forty Richmond Global “Loan Clients,” who collectively lent over \$500,000 to aid in Richmond Global’s expansion. The records for the Loan Clients are spotty, consisting of handwritten notes found in Richmond Global’s files.⁴ The Receiver advises that further investigation of these Loan Clients would be time-consuming, involving discussions with all Loan Clients and a detailed review of Richmond Global’s bank records to reconcile with

¹ *United States Commodity Futures Trading Comm’n v. Richmond Global Assocs., LLC*, No. 05 Civ. 2181, 2/16/05 Order ¶ V.A.

² *Id.* ¶ VI.A.

³ See 9/6/05 Ltr. from N. Napierala, counsel for the Receiver, John Moscow, to the Court at 3.

⁴ See *id.* at 2.

the Loan Clients' accounts.⁵

The Receiver recommends that the Loan Clients should not be included in any allocation of Richmond Global's remaining assets to defrauded parties. The Receiver characterizes the Loan Clients as co-venturers, as opposed to mere customers or investors:

Although the Loan Clients are likely victims of fraud, they invested in the expansion of the defendant companies accused of fraudulent foreign exchange trading and real estate activity. Unlike the clients who invested in the foreign exchange trading and real estate programs offered by the defendants, the Loan Clients were lending money to aid in the future growth and expansion of the defendant companies, making them closer to co-venturers (at 15% interest) than investors in the defendant's programs).⁶

The Receiver has also represented to the Court that the CFTC agrees with this recommendation.

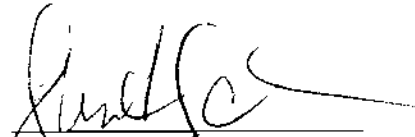
The Court agrees with the Receiver's recommendation. The Receiver is directed to proceed as he outlined in his September 6 letter.⁷

⁵ See *id.*

⁶ *Id.* at 3.

⁷ The Receiver's investigation of Richmond Global is otherwise complete, and once the Loan Client issue is resolved, he will shortly submit a final report setting forth his findings, as well as multiple proposals for asset allocation. See *id.* at 3.

SO ORDERED:



Shira A. Scheindlin
U.S.D.J.

Dated: New York, New York
November 21, 2005

- Appearances -

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